How to produce data sheets that sell

Special Section: Innovators at the top in co-op

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SALES & MARKETING MANAGEMENT

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FUJITSU SELLS ITS WAY INTO THE RACE

Ex-IBMer Kevin Murphy takes competitors' top salespeople and runs.

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Gray matters

Since the end of World War II, most of America's marketing has been defined and controlled by a force so large and pervasive that marketers practically genuflect at the mere mention of their name: Baby boomers, the 76.4 million people born in the U.S. between 1946 and 1964.

Over the last 30 years or so, there has been a direct relationship between the popularity of various goods and services and the aging of this particular group. From Mickey Mouse ears and hula hoops to records and miniskirts—and now to Walkman personal stereos and videocassette recorders—the products that define the decades were a response to the huge numbers of free-spending boomers in the marketplace. But what will happen when this group, whose oldest members are now entering middle age, reaches their golden years?

Even now, the rumblings can be heard in the marketplace. Individual Retirement Accounts (IRAs), caffeine-free and salt-free foods, and the recent upswing in the travel and leisure industry are only the first manifestations of what marketers are calling "the graying of America." New industries are emerging that until recently had been unheard of. So-called lifecare communities for the elderly, where, for the payment of a one-time fee, a member receives all necessary care, including food, shelter, and medical treatment, have turned into a $2.5 billion industry, with an annual growth rate approaching 20%. The need for these types of facilities will only swell as the year 2000 nears, and the over-65 population increases by 10 million. The banking and financial services industry is already benefitting from aging boomers by marketing IRAs and long-term savings certificates to young wage earners facing up to the uncertainties of the Social Security system. Currently, the 55-plus age group holds more than 80% of all bank account balances, contributing to the financial industry's interest in aiming new services at those entering this market segment.

Though there is no guarantee that boomers will head south after retirement, the Sunbelt is presently the hotbed of gray market activity. S&MM Survey and Census Bureau data show that the metro areas with the greatest percentage of residents over the age of 50 are located in the south, with Florida leading the way. Nine of the top 10 metros in this category are found in the Sunshine State, home of Morrison Cafeterias, a low-priced, smorgasbord restaurant chain whose growth can be charted alongside that of the retiree population. "You could say that we cater to them," senior vice president of marketing Richard McGeoch says, only half-jokingly. Morrison has 52 cafeterias in Florida, and plans are in the works to open another half dozen in the near future.

Unique complications

Besides new products, new problems will also accompany the boomer's transition into later life. In the twentieth century alone, life expectancy has risen from below 50 to well over 70, and with this, some unique complications. Pension plans, Social Security, and medical and social care will be stretched to the limit in the same way that the school systems and job markets were when this bloated generation passed through. In the service area especially, opportunities exist for new alternatives to funded social programs. "Day-care centers" for the elderly, for instance, could become as big a business as our present system of child care as the number of retirees reaches 50 million, roughly twice today's number, by the year 2030.

Also, as life expectancy increases, emphatically illustrated by the fact that the 85-plus age group is now the fastest-growing segment of the population, those entering retirement in the year 2000 may very well have parents to support. Coupled with the fact that this generation will have fewer children to turn to for assistance, a scenario develops that calls for some entirely new solutions to this entirely new problem.

When viewed in this perspective, the future looks both bright and a little bit frightening for those about to enter this phase of life. But for marketers—and for anyone else who will be able to provide solutions to these new problems—the future holds much promise. As this large segment of consumers moves into maturity, marketers must be one step ahead. For those with something to sell, anticipation is the name of the game. And for them, the future is now.

By Richard Kern
Editorial Director, S&MM Surveys

As seen by the Survey: The gray scale

Metros with the largest over-50 populations

Metro/State	% Of Pop. Over 50
Sarasota, FL	50.8%
Bradenton, FL	45.3
Fort Myers, FL	42.8
Daytona Beach, FL	41.5
West Palm Beach-Boca Raton-Delray Beach, FL	41.3
Tampa-St. Petersburg-Clearwater, FL	39.7
Fort Lauderdale-Hollywood-Pompano Beach, FL	39.6
Fort Pierce, FL	38.9
Ocala, FL	36.1
Atlantic City, NJ	34.6

Source: *Sales & Marketing Management's 1983 Survey of Buying Power*
Sales & Marketing Management

as their long-distance company. Allnet will continue to undercut prices but by slightly less, relying more on enhanced services.

Residential accounts will be offered frills such as pocket pagers and answering services. Commercial customers will be offered the company's telemarketing expertise in the form of Telcenters where, under computerized direction, telephone operators will sell, rather than simply take orders, for them. Two Telcenters are already open in St. Louis and Chicago.

The company hopes to maintain its lower prices by purchasing its own microwave networks, which will protect it from AT&T increases following equal access in September. Richer claims that within two years 70% of Allnet's traffic will be carried on networks it will either own or lease. Meanwhile MCI and Sprint are supplementing their networks, often using Allnet's original strategy of simply reselling existing service. S&MM

BANK MARKETING

Chemical gets the wrong reaction

It looked like a great way for New York City's Chemical Bank to enhance its image and gain deposits. Instead of giving away toasters, why not offer people big discounts on, say, a $75,000 stretch Lincoln limousine or dinner with their fa-

Despite a hefty discount, no one went for the new stretch Lincoln limousine.

S&MM Barometer

Heeding the need for plants and equipment

As consumers start to tighten their belts—retail store sales plunged 2.2% in March—business leaders are opening their wallets, giving the continuing recovery another boost. They plan to hike spending on new plant and equipment by a robust 13.6% this year, a healthy turnaround from 1983's 4.4% drop, the Commerce Dept.'s latest quarterly survey shows. The new spending plans significantly top the 9.9% rise forecasted in the department's earlier preliminary survey.

Much of the spending splurge will be catchup in nature. "The lack of expenditures for plant improvement since the late 1970s," says Norman Robertson, chief economist at Pittsburgh's Mellon Bank "has created a backlog of deferred capital projects. Moreover, the recovery has moved some industries closer to capacity output than many analysts realize." He thinks the combination of backlog and capacity pressures will generate a spending boost of 13% in real terms (adjusted for inflation), which will be the biggest since 1977–78.

Good-looking numbers

Industry	Planned Capital Outlays 1984 ($ Bil.)	% Increase 1983–84	% Change 1982–83	Anticipated Increased In Business Sales 1983–84
Total nonfarm business	**$343.57**	**13.6%**	**– 4.4%**	**N.A.**
Manufacturing	**$129.72**	**16.3%**	**– 6.8%**	**11.5%**
DURABLE GOODS	62.78	21.2	– 8.3	13.9
Primary metals	7.23	13.2	–14.4	14.6
Fabricated metals	2.57	15.7	–14.2	12.9
Electrical machinery	13.48	23.7	+ 2.6	13.1
Nonelectrical machinery	14.73	19.3	– 4.2	19.9
Transportation equipment	16.65	27.9	–14.1	13.1
Stone, clay, & glass	2.81	14.7	– 6.0	10.9
Other durables	5.30	19.0	–13.2	N.A.
NONDURABLE GOODS	66.93	12.0	– 5.5	9.1
Food	6.76	2.5	–14.7	7.6
Textiles	1.78	28.4	+ 4.2	10.1
Paper	7.13	15.4	+ 3.5	13.7
Chemicals	14.34	8.0	+ 0.1	10.6
Petroleum	26.51	12.9	–12.0	6.0
Rubber	2.21	15.4	+11.9	11.2
Other nondurables	8.20	18.6	+ 5.9	8.8
Nonmanufacturing	**$213.86**	**12.0%**	**– 2.9%**	**N.A.**
Mining	14.34	21.3	–23.5	N.A.
Transportation	12.00	7.2	– 6.3	N.A.
Public utilities	42.00	6.6	+ 0.1	7.5
Trade & services	100.25	14.0	+ 1.1	8.8[1]
Communication & other	42.47	11.7	– 6.0	N.A.

N.A.—Not Available
[1]Trade (wholesale and retail) only
Source: Bureau of Economic Analysis, U.S. Department of Commerce
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By THAYER C. TAYLOR

D(ecision) day nears for salespeople

Answers to the perennial question of whether computerized ordering results in fewer salespeople will soon be forthcoming from the grocery industry. Following extensive trials that began in 1980, some 50 to 60 companies in the industry are gearing up for the automatic exchange of purchase orders and invoices in an on-line computer-to-computer system. Included are such manufacturers as General Foods, Kraft, Nabisco, Chesebrough-Pond's, Purex, and Procter & Gamble; distributors such as Safeway, Super Valu, Certified Grocers of California, Giant Food, and Ralph's Grocery; and brokers such as Sales Force Co.'s and RMI.

James Huggett, president of The Northeastern Organization, Milford, CT, a sales consultant company, thinks automated ordering eventually implies fewer salespeople. "This on-line program has the capability to handle more than just orders," he says. "It will eventually be used to announce new products and promotions. That means less contact between salesperson and buyer, and raises the question of the future role of the salesperson and his manager. We're already seeing some reductions among our clients who participated in the pilot programs."

Not so sure is Ed Guilbert, president of the Transportation Data Coordinating Committee, Washington, DC, which has been masterminding the program since its inception and which wrote the standards that are the system's foundation. "The objective is not necessarily oriented to changing the way companies do business," he says. "If the sales force is not burdened with processing paper, it will become much more productive in its sales calls."

Grocery industry savings from automatic ordering
(Mil. $)

	Distributor	Broker	Manufacturer	Total
Direct savings	$30.7	$17.4	$35.8	$83.9
Operating costs	4.3	4.8	6.7	15.8
Net direct savings	26.4	12.6	29.1	68.1
Indirect savings	53–98	12–26	63–132	128–256
Total potential savings	$80–$125	$24–$38	$92–$161	$196–$324

Note: Based on the assumption that 50% of all transactions will be done through computer-to-computer ordering.
Source: Arthur D. Little

A lady-in-waiting gets her computer

Heaven has no determination like that of a saleswoman who wants to computerize. Carole Newbill, who heads up and does all the selling for her own company, Southwest Institute, a counselling concern in the workmen's compensation field, ingenuously computerized her selling strategy via the backdoor. Since starting her Long Beach, CA, company in 1978, the 44-year-old Newbill followed the familiar cold calling and wine 'em-and-dine 'em selling routine.

"I was spending around $2,000 a month on lunches and entertaining at home, hoping to convert a social occasion into a business close. My hit ratio was around five to ten percent. At one point my doctor told me I'd have to go on a liquid diet. I laughed at him. 'How can I do that and take prospects to lunch?' I knew I had to become more marketing minded, but how was I to do it?"

Late last year she got her answer and made a complete change in her selling approach. She heard a presentation on the Market Fax software package developed by Scientific Marketing, Costa Mesa, CA. The program, a client/prospect data-base manager and marketing support system, allows the user to generate up to 450 customized sales and follow-up letters daily, and provides progress and control reports.

"I was very intrigued by its structured approach for setting up prospects," Newbill recalls. "At the same time, the local telephone company contacted me on how telemarketing could help my business. The two made an ideal fit. Market Fax showed me how to qualify prospects for the cost of a twenty-cent stamp and telemarketing showed me how not to take no for an answer.

"I had been wanting to get a computer for two years because of the word-processing feature which could be used for the detailed narrative reports we provide clients and which are the heart of our service. But I couldn't afford to buy one because all my money was going up front on entertaining, which was giving me a negative cash flow."

So impressed was Newbill by Market Fax that she was determined to use it without a computer. She studied its operating manual thoroughly and converted the program to a manual operation. "I created a mailing list, with qualifiers, of the